

Home Investment Partnerships (HOME) Program

http://housing.mt.gov/Hous_HM.asp



Overview

- ❖ Purpose
- ❖ Eligible Applicants
- ❖ Estimated Funds Available
 - Allocation
- ❖ Categories & Eligible Activities
 - Competitive Process
 - Single-Family Noncompetitive Program
- ❖ Proposed Changes
- ❖ Other “Stuff”

Purpose

Expand the supply of
affordable housing
for low- & very low-
income households



Eligible Applicants

- ❖ Local Governments (counties & incorporated cities and towns)
 - Generally not eligible: entitlement cities (Billings, Great Falls, Missoula)
- ❖ Public Housing Authorities (PHAs)
- ❖ Qualified nonprofit Community Housing Development Organizations (CHDOs)
housing.mt.gov/Hous_CHDO.asp

2009 Competitive Applications Eligible Entities

- ❖ 2009 competition open to the entitlement cities, MDOC-certified CHDOs & PHAs operating within those cities this one time only
- ❖ Why? 2nd round of competition is normally held when all funds for a program year are not awarded
 - 2nd round open to entitlement cities, Billings, Great Falls & Missoula and the other qualified applicants operating within those cities' boundaries
 - 2nd round of competition not being held
 - Funds rolled into the 2009 grant competition

Estimated 2009 **HOME Funds Available**

Total Estimated HUD 2009 Funds: \$4,232,873

— MDOC Admin Funds (10%) \$ 423,287

Total '08 Carryover Funds (approx) \$1,000,000

Total Available for Distribution (est) \$4,809,586

- Est. 2009 CHDO Set-Aside (min. 15%) \$634,931
- Unmet 2008 CHDO Set-Aside \$134,931

Proposed Change

Annual Allocation for Single Family

Proposal: Reduce the annual allocation to the Single Family Noncompetitive Program from $\frac{1}{2}$ of the annual allocation received from HUD to $\frac{1}{3}$

Proposed Change Annual Allocation

Sample Allocation:

EST'D 2009 Annual Allocation	\$4,232,873
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Less:

10% for MDOC operations	\$ 423,287
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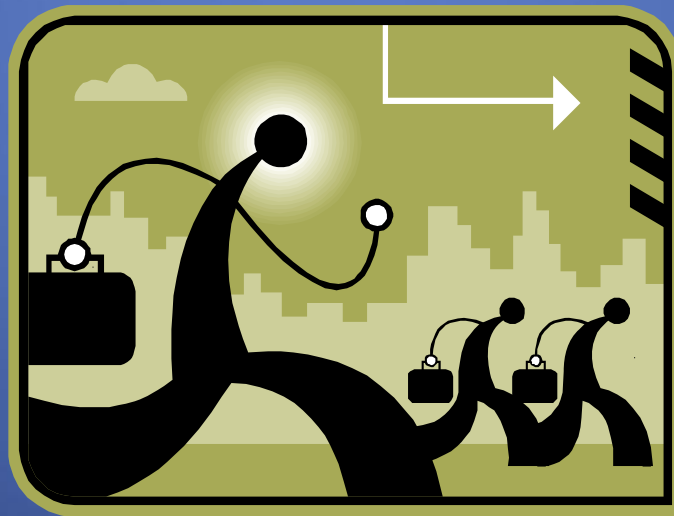
15% for CHDO set aside	<u>\$ 634,931</u>
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Balance	\$ 3,174,655
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2/3 to Competitive Grants	\$ 2,116,437
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1/3 to Single Family Prog.	\$ 1,058,218
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COMPETITIVE APPLICATION PROCESS



Application Deadline



Friday

February 13, 2009

Eligibility Requirements

❖ Current Grantees:

- Compliance with implementation schedule
- No unresolved findings
- Must meet spend down requirements

Proposed Change Spend-down Requirements

- **Proposal:** Eliminate/**reduce** the spend-down requirements for open competitive grants
 - For 2009, the proposed spend-down rates would be reduced as follows

Spend-down	Proposed	Current
1-year-old Grant	50%	75%
2-year-old Grant	75%	Closed/100%
3-year-old Grant	Closed/100%	Closed/100%

Proposed Change CHDO Applications

Proposal: Allow CHDOs to submit more than one application per competitive application round

— Allow CHDOs to submit multiple applications as long as:

- each application is from a different county within its service area;
- AND
- each application is for a CHDO-eligible activity.

Eligible Activities

- ❖ Rental Rehabilitation
- ❖ New Construction: multi- & single-family
- ❖ Acquisition
- ❖ Tenant-Based Rental Assistance (TBRA)



Estimated 2009 HOME Funds Available



<u>Estimated</u> Total Available	\$ 2,116,437
<u>Anticipated</u> 2008 Carryover	<u>\$ 1,000,000</u>
	\$ 3,116,437
CHDO Minimum (est.)	\$ 770,000

Maximum Award

Maximum Grant Award: **\$500,000**

- Including project “soft costs”
 - New Construction & Acquisition 8%
 - Rehabilitation 12%



Competitive Application Process

Project Soft Costs

- ❖ Those costs which can be directly tied to an address of the project or individual being assisted

Eligible Project Soft Costs

❖ Examples:

- Project-specific environmental review
- Application processing for homebuyer/homeowner rehab
- Appraisals required by HOME program regulations
- Project underwriting
- Construction inspections and oversight

Eligible Project Soft Costs

- Project document preparation
- Informing tenants/homeowners about relocation rights/benefits
- Staff costs: preparing work specifications, loan processing, inspections & other services related to assisting a specific project, new homeowner, or homeowner rehab project

Ineligible Soft Costs

- ❌ Costs associated with a TBRA program are **not** project-related soft costs
 - Grantees must use other funding to pay for these costs
- ❌ Indirect costs are not project-related soft costs
 - An approved indirect cost allocation plan cannot be used to determine project soft costs

Project Soft Costs

Soft Cost Limits:

❖ New Construction or Acquisition = 8%

Project Activity Costs:	\$ 368,000	(92%)
Soft Costs:	<u>\$ 32,000</u>	<u>(8%)</u>
Total Project:	\$ 400,000	100%



Project Soft Costs

Soft Cost Limits:

- **Rehabilitation = 12%**

Project Activity Costs:	\$ 440,000	(88%)
Soft Costs:	<u>\$ 60,000</u>	(12%)
Total Project:	\$ 500,000	100%

Minimum/Maximum Investment per Unit

- ❖ Minimum of \$1,000 in each HOME-assisted unit
- ❖ Maximum per Unit Subsidy cannot exceed HUD's 221(d)(3) limits

Match Requirements

- ❖ Match must be provided in an amount equal to no less than 5% of the HOME costs
 - The statutory match requirement is 25%; however, HOME recipients have provided enough matching funds over the years to allow the HOME Program to lower the requirement to 5%
- ❖ Must come from non-federal funds
- ❖ Permanent contribution to affordable housing



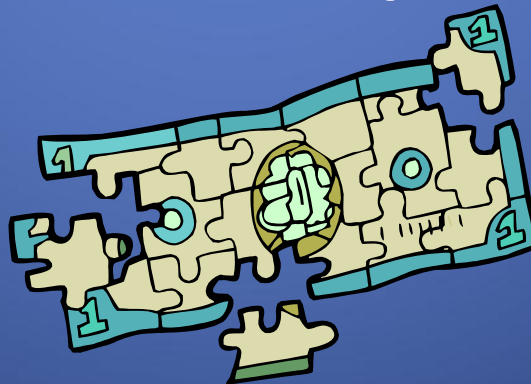
Match

- ❖ Ineligible forms of match
 - ❌ Funds from Federal sources
 - ❌ Funds derived from Federal sources (e.g., program income)
- ❖ Eligible sources of match can be found in the HOME application guidelines in Exhibit 3

Match Requirements

❖ Example

HOME Project Costs	\$ 368,000
HOME Soft Costs	<u>\$ 32,000</u>
Total HOME Funds	\$ 400,000
Match ($\$400,000 \times 5\%$) =	\$ 20,000



Match Eligibility

❖ Letter Confirming Match Eligibility

Mr. Kelly Shields
Program Accountant
406-841-2832
keshields@mt.gov



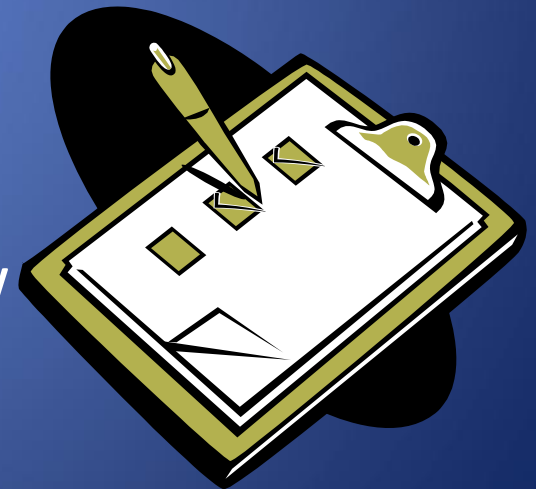
Application

- ❖ 2009 HOME Application Guidelines
and
- ❖ Uniform Application at:
housing.mt.gov/Hous_HM_Apps.asp
- ❖ Meet minimum threshold requirements
- ❖ Follow order of application



Minimum Threshold Requirements

- Must show project completion within 28 months of award
- Record of a minimum of one public hearing within 60 days of the application due date
- Completed environmental review **checklist**



Consolidated Plan

❖ Certification of Consistency with the Consolidated Plan

Leslie Edgcomb
Consolidated Plan Coordinator
406-841-2817
ledgcomb@mt.gov



Management Plan

- ❖ Program area boundaries and scope of project
- ❖ Targeted program beneficiaries
- ❖ Income determination
- ❖ Integration of program management
- ❖ Sample management documents



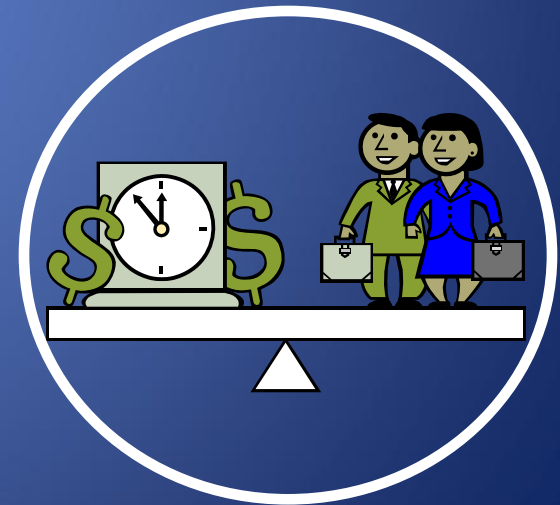
Period of Affordability

- ❖ Rental Housing (new construction or acquisition), any \$ amount 20 years
- ❖ Rehabilitation or Acquisition of Existing Rental Housing (depends on HOME funds invested per unit):
 - < \$15,000/unit 5 years
 - \$15,000-\$40,000/unit 10 Years
 - > \$40,000 15 years

Evaluation & Ranking

❖ Financial Management	200
❖ Program Management	200
❖ Project Planning	100
❖ Capacity Determination	100

Minimum score: 300 points &
at least 100 points for Financial
Management



Bonus Points

❖ Bonus Points available for energy efficiency and green building



Single Family Noncompetitive Program



Eligible Activities

- ❖ Homebuyer Assistance (HBA)
- ❖ Homeowner Rehabilitation (HR)



Noncompetitive Program

Program Basics

- ❖ No Deadline
- ❖ No Application
 - Qualification Package
- ❖ No Scoring
- ❖ Eligible Entities:
 - Local governments, public housing authorities, MDOC-certified CHDOs

Single Family Allocation Pilot Program

The SFAPP was set up as a three-year pilot project, with the MDOC evaluating the effectiveness of the project at the end of the first two years. Options the MDOC considered during the evaluation process included:

- continuing the program as it was originally set up
- eliminating the program
- continuing the program with modifications

Proposed Change Number of Districts

Proposal: Reduce the number of districts to four (from the current 11), plus the statewide District 1

Proposed Change Number of Districts

District 2: Daniels, Garfield, McCone, Roosevelt, Sheridan, Valley, Carter, Custer, Dawson, Fallon, Powder River, Prairie, Richland, Rosebud, Treasure, Wibaux, Blaine, Hill, Liberty, Phillips

District 3: Cascade, Chouteau, Glacier, Pondera, Teton, Toole, Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, Wheatland, Big Horn, Carbon, Stillwater, Sweet Grass, Yellowstone

District 4: Broadwater, Jefferson, Lewis and Clark, Gallatin, Meagher, Park, Flathead, Lake, Lincoln, Sanders

District 5: Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow, Mineral, Missoula, Ravalli

Proposed Change Budgeted Amount

Proposal: Reduce the annual allocation to the SFAPP from 1/2 of the annual allocation received from HUD to 1/3

2009 Estimate:

\$1,058,218

Proposed Change District Allocations

Proposal: Amend the allocation formula to include a factor for the commitment of the two prior years' funds

Estimated District Budgets:

District 2:	\$195,552
District 3:	\$197,758
District 4:	\$401,944
District 5:	\$262,964

Proposed Change

District Reservations

Proposal: Limit time funds are available in the statewide pool from indefinitely to 6 months; at the end of the 6 months, any unobligated funds would be reallocated to the next competitive grant application pool

- The 2009 funds will be reserved by District for 12 months
- Available on a statewide basis for additional 6 months
- Any remaining balance will roll to competitive pool

Proposed Change

District Reservations

Sample Timeline:

Funds reserved to individual districts 6/1/09

Unobligated funds available statewide 6/1/10
(12 months after the funds 1st become available)

Remaining funds to competitive grants 12/1/10
(6 months after the funds become available statewide)

Competitive grant applications due 2/11/11

Entity Reservations

- ❖ Funds may be reserved for
 - 120 days for homebuyer assistance activities
 - 180 days for homeowner rehab activities
- From date Set-up Report is submitted
- To date Completion Report is submitted

Soft Costs

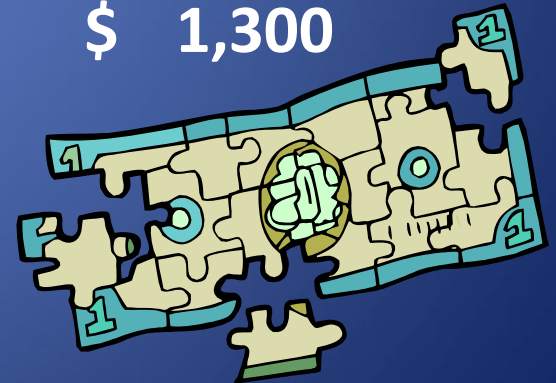
- ❖ Homebuyer Assistance: Not to exceed \$1,500
 - Must be actual documented costs of providing HOME assistance to a specific homebuyer
- ❖ Homeowner Rehab: Not to exceed 12% of the rehab costs
 - Must be actual documented costs of providing HOME assistance to a specific homeowner
- ❌ Indirect costs are not project-related soft costs
 - An approved indirect cost allocation plan cannot be used

Match Requirements

- ❖ Required for **EACH**, individual household assisted
- ❖ 5% of all HOME Funds

Example

HOME Project Costs	\$ 25,000
HOME Soft Costs	<u>\$ 1,000</u>
Total HOME Funds	\$ 26,000
Match (\$26,000 X 5%) =	\$ 1,300



Period of Affordability

❖ Homebuyer Assistance:

- | | |
|--------------------------|----------|
| ▪ < \$15,000/unit | 5 years |
| ▪ \$15,000-\$40,000/unit | 10 Years |
| ▪ > \$40,000 | 15 years |

Proposed Change

Homeowner Rehab Period of Affordability

Proposal: Require a period of affordability for homeowner rehabilitation that matches that for homebuyer assistance

- | | |
|--------------------------|----------|
| ▪ < \$15,000/unit | 5 years |
| ▪ \$15,000-\$40,000/unit | 10 Years |
| ▪ > \$40,000 | 15 years |

Recapture/Resale

- ❖ Homebuyers assisted will be subject to either recapture or resale if home is sold during the period of affordability
 - **Recapture:** Homeowner repays all or part of HOME subsidy
 - **Resale:** The property remains affordable & is sold to another low-income homebuyer
- ❖ Policy for recapture or resale established up front and is applied to all homebuyers

Qualification Package

- ❖ Management Plan
 - Recapture or resale policy
- ❖ Environmental Review
- ❖ Lead Based Paint Compliance Procedures
- ❖ Public Outreach Plan
- ❖ Support from City and/or County Officials

More Information?

Need additional information?



Go to:

housing.mt.gov/Hous_HM_SF.asp

Other Proposed Changes



Proposed Change

Single Family Noncompetitive Program Eligible Entities

- ❖ **Proposal:** Allow qualified entities to access Single Family Allocation Program funds within the city limits of Billings, Great Falls and Missoula

Proposed Change Application Process

Proposal: Change the application process to be more in line with the other two major housing funding program within the MDOC—the CDBG and Low Income Housing Tax Credit (LIHTC) programs



Proposed Change

Add Eligible Activity

Proposal: Allow interest rate buy-down as an eligible activity

Proposed Change Mandate Homebuyer Ed

Proposal: Mandate homebuyer education that meets the National Standards for any home purchased with HOME funding

Proposed Change

Adopt Enhanced Accessibility

Proposal: Adopt enhanced accessibility requirements, rather than just minimal standards and to encourage adoption of visitability as a minimal standard in all funded housing

Proposed Changes Comment Period

Comment period open to: **11/7/2008**

Submit written comments to:

MT Dept of Commerce
HOME Program
PO Box 200545
Helena, MT 596020-0545
Fax: 406.841.2810

Other Stuff

DUNS Number

❖ Data Universal Number System

Need a DUNS Number?

Not sure if you have a DUNS Number?



Call: 1-866-705-5711



Owner-Occupied Housing Rehabilitation Standards

- Required by HUD
- Rehab projects must meet the rehab standards AND state/local codes
- If no state/local code exists, must meet:
 - Uniform Building Code, National Building Code, or Standard Building Code; OR
 - CABO One-to-Two Family Code; OR
 - FHA Minimum Property Standards



Affirmative Fair Housing Marketing Policy

- Procedures to affirmatively market all projects resulting in five (5) or more HOME-assisted housing units
- Exhibits 5-K and 5-L in Chapter 5 of the HOME Program Administration Manual
housing.mt.gov/Hous_HM_Admin.asp

CONTACT

Montana Department of Commerce HOME Program

Location: 301 S. Park Ave., Room 240
Helena, MT 59601

Mailing : PO Box 200545

Address: Helena, MT 59620-0545

Phone: 406.841.2820

FAX: 406.841.2810

TDD: 406.841.2702

Web: housing.mt.gov/Hous_HM.asp

HOME Website

❖ housing.mt.gov/Hous_HM_.asp

- HOME Program Menu

- Community Housing Development Org
- Single Family Allocation Pilot Program (Single Family Noncompetitive Program)
- HOME Program Application Guidelines
- HOME Program Administration Manual
- HOME Program Rent Limits
- HOME Program Income Limits
- Commonly Used Forms
- Home Happenings



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Contact Information

HOME Program

Location
301 S Park Ave Room 240
Helena MT 59601

Mailing Address
PO Box 200545

Home Investment Partnerships (HOME) Program

The HOME program is a federal block grant program directed by the U.S. Department of Housing and Urban Development (HUD) and is designed to create affordable housing for low-income households. The Montana Department of Commerce (MDOC) is responsible for the administration of HOME within the state of Montana. The MDOC provides HOME funding to **community housing development organizations** and **units of local government** throughout the state, with the exception of Billings, Great Falls and Missoula, which receive HOME fund allocations directly from HUD. An individual may not apply directly to the state HOME program.

The purposes of the **Home Investment Partnerships (HOME) Program** include expanding the supply of affordable housing, for low- and very low-income persons, improving the means of state and local governments to implement strategies to achieve adequate supplies of decent, affordable housing and providing both financial and technical assistance to participants to develop model programs for affordable, low-income housing.

HOME provides grant funds through noncompetitive and competitive processes, depending on the type of project, to qualified local governments, public housing authorities (PHAs) and community housing development organizations (CHDOs) to assist financing new



Bruce Brensdal, Administrator

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